

Legal and Regulatory Framework

Final Report

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Abstract

Investment Advisors deal directly with customers and their conduct and compliance with market rules and regulations is critical for the protection of investors and the establishment of a fair and transparent market. The aim of this report is to help the Investment Advisors in understanding the legal/regulatory framework governing the securities industry in their profession.

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Executive Summary

International Business Legal Associates was requested to prepare a module course on Financial Advisers. This module examines the legal and regulatory framework applicable to Investment Advisors, namely, Investment Trustees, Investment Managers and Financial Advisors. Section (I) of the Module examines the definition and general role of investment advisors. Section (II) examines the role and responsibilities of investment advisors in collective investment funds (Mutual funds and Investment Companies). Section (III) examines the main principles and standards of practice applicable to investment advisors, including the main obligations and prohibitions stipulated in the Law. Section (IV) presents the sanctions and penalties that are applicable to violations of the Law and prohibited actions, highlighting the serious nature of securities violation and the potential gravity of the sanctions.

Investment Advisor Program Legal and Regulatory Framework

Module Overview

This module examines the legal and regulatory framework applicable to Investment Advisors, namely, investment trustees, investment managers and financial advisors.

Investment advisors are important to the proper functioning of the capital markets. Whether as firms or individual professionals, they provide clients individually or collectively with expertise that facilitates investment decisions, enhances investment confidence and widens investor participation in the capital markets.

Investment Advisory services are regulated primarily by the Securities Law and its pursuant Regulations and Instructions, in order to ensure compliance with professional standards and practices, enhance client protection and prevent abuses that may have widespread implication to the Capital markets. Accordingly the Law sets the terms of eligibility for providing the service, regulates standards of conduct, and stipulates sanctions and penalties for violations and prohibited actions.

This Module, aims to highlight the main rules and legal principles governing the practice of Investment advisors. Section (I) examines the definition and general role of investment advisors under the Law and the practice requirements for companies and professionals.

Section (II) examines the role and responsibilities of investment advisors in collective investment funds (Mutual funds and Investment Companies).

Section (III) examines the main principles and standards of practice applicable to investment advisors, including the main obligations and prohibitions stipulated in the Law. The rules examined are not always necessarily specific to investment advisors; the Securities Law provides generally for all financial service providers, and even regulates behavior of market players including investors. Nonetheless, the section

attempts to highlight the particular relevance of such rules to investment advisors, especially given their critical role in collective Investment Funds.

Section (IV) presents the sanctions and penalties that are applicable to violations of the Law and prohibited actions, highlighting the serious nature of securities violation and the potential gravity of the sanctions.

Investment Advisors are governed primarily by the current Securities Law and its pursuant instructions. To date, the licensing and registration instructions for financial services pursuant to the current Law are still in draft form. Accordingly, licensing and practice requirements continue to be governed by the applicable instructions issued pursuant to the Securities Law No. (23) of the year 1997. This module attempts to highlight the main principles governing the practice which are likely to remain applicable. However, the student must follow up on developments in instructions for changes in detailed requirements and procedures.

Learning Outcomes

At the conclusion of this module, you should be able to understand and identify the following:

- The general licensing and registration requirements for each of the Investment advisors;
- The role, duties and responsibilities of Investment advisors in collective investment funds;
- Standards of conduct for investment advisors set by the law and the scale and nature of sanctions applicable to violations and prohibited actions.

Readings

- The Securities Law No (76) of the year 2002;
- The Companies Law No. (22) of 1997 ;
- Mutual Fund Instructions No. (2) of the year 1999. (Fund Instructions;
- Instructions on Licensing of Activities of Financial Services Companies and Certified Financial Professionals No. (1) for the Year 1999 issued by virtue of the provisions of the Securities law No. (23) of the year 1997;

- Code of Ethics of Amman stock Exchange issued by virtue of the provisions of Article (26/E) of the Securities law No. (23) of the year 1997;
- Custodian Licensing Instructions No. (3) for the year 2003.

Abbreviations

- The Commission: The Jordan Securities Exchange Commission;
- The Board: The Board of Commissioners of the Securities Exchange Commission;
- The Securities Law (SL): The Securities Law No (76) of the year 2002;
- The Law: The Securities Law No (76) of the year 2002 and its pursuant Regulation and Instructions;
- The Companies Law (CL): The Companies Law No. (22) of 1997;
- Investment Funds: Mutual Funds and Investment Companies;
- Fund Instructions (FI): Mutual Fund Instructions No. (2) of the year 1999;
- Custodian Licensing Instructions No. (3) for the year 2003 (CI);
- Licensing Instructions (LI): Instructions on Licensing of Activities of Financial Services Companies and Certified Financial Professionals No. (1) for the Year 1999 issued by virtue of the provisions of the Securities law No. (23) of the year 1997;
- Financial Services Companies: Companies providing one or more of the services provided by financial dealer, financial broker investment trustee, investment manager, financial advisor, securities underwriter or any other activity specified by the Commission;
- Financial Services Providers: Financial Services Companies and/or Professionals;
- Code of Ethics (CE): Code of Ethics of Amman Stock Exchange.

I. Investment Advisors: Role and Responsibilities

1.1 Definitions of Investment Advisory Services

- According to the Securities Law, Investment Advisory services may be defined as follows (SL:2):
 - Investment Management: The service of managing the Securities Portfolios for the account of others, including the management of Mutual Funds.
 - Investment Trusteeship: The service of administering and monitoring the management of a client's investments so as to ensure their conformity with the client's investment principles and objectives specified in the investment agreement concluded between the client and the Investment Manager;
 - Financial Advisory: The service of providing advisory and counsel to others in respect of Investment in Securities in return for fee or commission.
- Investment managers assist clients in translating general investment strategies and policies into specific investment decisions and transactions. Whereas brokers apply client specific instructions for purchase and sale of securities, investment managers offer a higher order advisory service. They act within a broader mandate and exercise investment judgment, typically over a portfolio of securities.
- Investment trustees act on behalf of the client to provide the needed oversight upon the proper practice of the manager's mandate. Trustees represent clients in their investment concern, and are the authorized signatories on the client's behalf in investment agreements (LI:33/a).

- Financial advisors simply provide counsel and expertise in market matters, but are not necessarily involved, as advisors, in implementing investment decisions. Conversely, though, investment managers and trustees exercise financial advisory by implication.

II. Licensing and Registration Requirements and Procedures

II.1 Licensing Requirements

II.1.1 Authorization Required for Practice

- The practice of Investment Advisory is subject to the rules and regulations set by the Law. Unless otherwise exempted by the Board, no company may practice such services without licensing by the Board, nor any natural person without registration with the commission, in accordance with the provisions of the Law (SL:47). Indeed, persons practicing without due authorization may be subject to fines in addition to the penalty of up to one year imprisonment (SL:110/b/2).

II.1.2 Practice Must be through Companies and not Individual Providers

- Investment Advisory services may only be provided through companies duly qualified by the Board, and not by natural persons as independent providers (LI:3/b). Companies providing Investment Advisory, however, must deliver such services through duly registered/qualified financial service professionals (LI:3/c).
- The qualification requirements for companies providing Investment Advisory services are referred to in the Law as licensing requirements. The qualification requirements for Investment Advisory professionals, as natural persons, are referred to as registration requirements, and the qualified individuals, as registered financial service professionals.

II.1.3 Financial Advisory Firms Must be Limited Liability Companies

- Companies providing Investment Advisory services must be either public shareholding companies, limited liability companies or companies with limited partnership in shares (LI:5/a). General partnerships or sole

proprietorships are not eligible for this service. Where financial advisory is provided by a bank, it must be delivered through an affiliate or subsidiary or through clearly segregate accounts (LI:5/b).

II.1.4 Minimum Capital and Guarantee Required

- Investment Advisors are subject to a minimum paid in capital, set in the current instructions at 250,000 JD for practicing Investment Trusteeship, 500,000 JD for Investment Management and 30,000 JD for Financial Advisory (LI:5/c). Companies practicing more than one service would be subject to the sum total of the requirement for individual services (LI:5/d). Further, the Investment Advisor's shareholder's net equity shall constitute no less than (75%) of its paid in capital (LI:7). (These specific amounts may vary with prospective licensing Instructions).
- Financial services companies are also required to post bank guarantees against liabilities towards clients and non-compliance with legislation. These are set currently at the minimum amount of 100,000 JD for Investment Trusteeship, 250,000 JD for Investment Management and 10,000 JD for Financial Advisory (LI:5/f).

II.1.5 Requirement for Technical Competence and Probity for Management and Governance

- In issuing licenses, the commission examines the competence and probity of the company's board of directors, senior executives and management. To this end, the commission may request any information about the applicant's professional record and past performance, including the applicant's executives and senior management (SL:48/b). Further it requires the license applicants board of directors and senior management to furnish evidence of no-conviction of any crime or felony against public morals or public order (LI:8/d).

II.1.6 Licensing Form and Submissions

- The detailed requirements and information to be submitted in an application are listed in annex (1) with an illustrative application form (LI:8).

II.2 Registration Requirements

- As mentioned above, Investment Advisory firms shall deliver advisory services only through duly registered investment professionals. Registered professionals may provide their services only through a licensed company and not as independent operators. To this end, the registration of the individual investment advisor is considered suspended upon termination of work with a licensed company, and until reemployed by another. Further, the registration of any financial professional is suspended or cancelled de jure upon suspension or cancellation of the license of the employer (LI:49/a).
- Registered professional are required to notify the commission in writing of starting or terminating work with any company (LI:50/b). In all cases, the registration of a person is cancelled upon ceasing practice for three continuous years, regardless of the reason (LI:51).
- Applicants for registration must meet the following requirements:
 - Full capacity, good standing, and a conviction free record of any crime or felony against public morals or public order;
 - hold at least an undergraduate university degree ;
 - Complete the general training program requisite by the commission, as well as the commission's specialized training program for the area of registration;
 - Passing the exams set by the Commission,
 - Paying the licensing fees;
 - Fulfilling any other requirement made by the commission.

II.3 Licensing and Registration Application, Award and Renewal

- License applications must be submitted in writing to the Commission with the requisite documentation and information, as detailed in the instructions and elaborated in annex (1). A single license application may be filed for more than one service, subject to meeting the requirements for each type of

service and paying the sum total of applicable fees, capital requirements and guarantees(LI:5/d);

- Financial services companies practicing financial investment and or/trusteeship need not obtain a separate license for financial advisory, although the latter requires a license if practiced separately(SL:51/b);
- The Board is required to issue its decision regarding the license or registration within sixty days of submission of a complete application(SL:48/e);
- Licenses and registrations are granted for duration of one year ending on the last day of the calendar year, and are capable of renewal. Applications for renewal must be submitted at least 30 days before expiration of license, otherwise, a new license application would be required(SL:49);

II.4 Maintaining License Requirements

- Investment advisors must maintain licensing and registration requirements throughout their practice, subject otherwise to revocation. Licensed companies must notify the commission within a week of any of the following: changes in the company address, changes in any shareholders with 5% or more of the company's capital, a change of chairman or any board member or any member of the higher management and the reasons for the change, the appointment, or termination of any of the registered professionals at the company and the reason for termination, the opening or closing of company branches , and the appointment of branch directors(LI:12).
- Licensed companies must also notify the commission promptly of their decision to cease activities, whereby the license would be cancelled after settlement of any obligations or outstanding liabilities (SL:61).

II.5 Suspending or Revoking the License

- The Board may suspend or revoke the advisor's license if it duly establishes that the licensee included false information in the license application, violated any of the provisions of the Law, or proves to be technically incompetent(SL:112).

III. Investment Advisors and Investment Funds

- Investment funds are investment instruments established in order to invest in a portfolio of securities or other financial assets for the purpose of providing professional management of a collective investment on behalf of its share or investment unit holders. Investment funds may be established only in the form of Mutual funds, pursuant to the Securities Law or Investment Companies pursuant to the Companies law, but subject to the regulatory requirements of the Securities Law(SL:94/a).
- Investment funds are major institutional players and intermediaries in well developed financial markets. Funds avail to investors risk diversification opportunities that may not be otherwise available in non collective investments, and are significant intermediaries that enhance market participation.
- In addition to regulating investment funds, the Law stipulates clear roles and responsibilities for investment managers and investment trustees in investment funds.

III.1 Investment Funds and Investment Manager:

- Investment Funds are required by the Law to appoint an investment manager to manage fund investments and assume other stipulated responsibilities. The investment manager is appointed by the Fund's board, subject to the approval of share or unit holders (SL:103). The manager must also be subject to the monitoring and oversight of an investment trustee appointed by the fund board/shareholders (FI:25/f).

- The Investment manager administers the fund in accordance with an investment agreement concluded with the fund management. Such an agreement must be for a period of one year only, but is subject to renewal, upon the share or unit holder's approval(SL:103/b).
- The fund's investment manager assumes the following responsibilities. (SL:104; FI:24/a)
 - Prepare and file the Fund's prospectus with the Commission;
 - Register the Fund's shares or investment units with the Commission;
 - Manage the Fund's investments in accordance with the Fund's stated investment policy;
 - Promote and market the Fund's shares or investment units;
 - Administer the trading in the Fund's shares or investment units;
 - Submit the fund's accounting and financial reports and data to the investment trustee;
 - Prepare the funds' net asset value account.
- Accordingly, the fund's investment manager plays the dual role of (1) managing the fund investment in securities as well as (2) promoting the fund units- as securities- and administering trading in them. Therefore, the provisions of the Law which are relevant to the fund manager are not only those regulating the fiduciary relationship between the manager and investors. Also relevant are provisions regulating disclosure standards, and the general rules governing trading and investing in securities.
- In addition to the general regulatory provisions applicable to investment advisors and discussed below, mutual fund investment managers must comply with the following:
 - Submit to the Commission periodic financial data after endorsement by the trustee, and proper disclosure of such in accordance with the Law (FI:27/a).

- Disclose promptly to the Commission any event that has a significant effect on the funds financial situation with a detailed report thereabout (FI:27/b)
- A Fund Investment Manager also shall not have any direct or indirect interest or benefit from any transaction concluded on the behalf of the fund (SL:103/c; FI:27/a). Specifically, the fund investment manager may not do any of the following:
 - Sell or buy any securities from the fund or borrow any money there from. (SL:106/b);
 - Invest in securities issued by the project or by any subsidiary or affiliate company thereof or in any securities underwritten by the Fund (FI:30/a);
 - Sell securities to the fund directly or through a related brokerage firm(FI:30/b);
 - Collect fees other than what is provided for in the Fund's charter(FI:30/c);
 - Be party to any dealings in securities involving the fund(FI:30/d).

III.2 Investment Trustees and Investment Funds

- Investment funds must appoint a trustee to act on behalf of the fund share or unit holders in exercising oversight over the investment manager's mandate and in order ensure proper compliance with the Fund's Investment Policy. In particular, the trustee assumes the following responsibilities towards the fund:
 - Safe keeping the assets;
 - Issuing and determining the issuing price for the investment units or the shares, as the case may be;
 - Calculating the net value of assets and the value of the fund's investment unit or share in cooperation with the investment manager;
 - Redeeming and determining the redemption price of the investment units of the open-end fund or the shares of the variable-capital company;

- Distributing profits;
 - Supervising the management of the project's investments and its activities and ensuring the implementation of the regulations and instructions and decisions issued by the Commission in a manner that realizes investors interests;
 - Reviewing the investment manager files and records relating to the project and requesting any information therefrom;
 - Providing the Commission with periodical reports on the project's activities.
- The Fund's investment trustee may also not own any of the fund's investment units or shares, or be party to any dealings in securities related to the fund (FI:29)
- The Investment fund trustee must be an independent and separate person from the fund's investment manager. The trustee must also promptly report to the commission and the client's auditor promptly any violations by the investment manager, and must require the manager to cease and rectify the violation, subject otherwise to consequent liabilities. (LI:34)

IV. Investment Advisors: Rules and Regulations

- Investment advisors interact directly with clients and assume significant duties and responsibilities that are critical to the efficient and proper operation of capital markets. Accordingly, in addition to license and registration requirements, investment advisors are subject to other rules and requirements of practice set forth in the Law ,which defines both the positive obligations and standards of conduct with which providers must comply, as well as the violations and prohibited actions to be avoided.
- Most of the rules and regulations below are not specific to investment advisors, but are generally applicable to all financial services providers, and in some cases, to all market players, including clients and investors. Nonetheless, we will attempt to highlight in what follows the relevance of the rules to investment advisors, and especially in respect of their role in Investment Funds.

IV.1 Segregating Accounts:

- Financial services providers are required to separate their assets and securities from those deposited in custody therewith by clients, in accordance with the Law (SL:55/a). This is intended to prevent misuse of client assets, by earmarking the assets in a manner that precludes confusion and conflicting claims regarding the deposited assets. Segregation is also important in so far as the Law protects client assets from claims by the service providers creditors (SL:55/b).

IV.2 Maintenance of Proper Records and Accounts

- Financial advisors are subject to the Commission's audit and monitoring and must cooperate fully with the Commission's investigations and request for information. Therefore, they are required to maintain their financial accounts in accordance with the General Accounting Practices and Board instructions, and must maintain separate accounts for each client (LI:19).
- Financial Advisors must also exercise due care to ensure data protection and security, as well as ready availability of data, records and information for review by Commission or other competent authorities. (LI:19). This requirement applies to financial accounts, as well as any other relevant documents including relevant communications and agreements with clients.

IV.3 Transparency of Rules and Procedures with Clients

- Financial advisors must set forth in writing clear standard operating procedures for proper client service, and must monitor and ensure compliance with these procedures. They must also update their clients periodically about their account status, and, on a monthly basis about any activity or transactions related to the account, in order to keep clients closely informed about the status of their assets and portfolios. (LI: 20;21)
- Financial advisors should advise clients in advance about their service fees and expenses. Where such fees are contingent upon the trading volume or size

of the client's account, the advisor must inform the client in advance about the basis on which the fees are calculated(LI:23).

IV.4 Requirement for Written Authorization to Act on Behalf of Clients

- Financial service companies may not dispose with client assets without written authorization. Indeed, the relationship between the advisor and the client must be governed by a written agreement setting forth, among other things, the scope of the advisor's role and authorities(SL:63/a).
- Acting on the client's behalf without written authorization is deemed a criminal act of forgery and fraud (SL:63/c). Acting without authorization includes acting without a written agreement, or outside the scope of the investment agreement. For example, an investment manager investing in banks securities or securities derivatives against the provisions of the investment agreement would be in violation of the Law.
- Financial advisors are responsible for authenticating and certifying the client's signature, and establish the client's capacity to transact (SL:63/b).

IV.5 Separating Between the Trustee and Manager of the Same Client

- Investment trustees exercise oversight over the investment manager performance. Accordingly, a financial service firm may not act as the investment trustee and manager for the same account or client (SL:52; LI:35; FI:31), although such companies may otherwise generally provide both investment trusteeship and investment management services.

IV.6 Acting in the Clients Best Interest

- Financial advisors are required to act in earnest in their client's best interests. In particular, they shall not discriminate between clients, charge excessive fees, guarantee or promise definite profits or results, or exercise any other form of deception or fraud. (SL:57)
- These requirements are generally stipulated in the Securities Law, and reinforced through detailed requirements in its applicable pursuant

instructions. Further, although the Code of Ethics of the Amman Stock Exchange is applicable to brokerage services, its provisions are indicative of the ethical standards expected of financial providers. The following attempts to illustrate the general principles set here above:

IV.6.1 Non-Discrimination among Clients

- Non-discrimination among clients does not necessarily mean implementing the same investment advise or approach to all clients. Rather, advisors should avail their clients fairly the benefit of their financial knowledge and expertise. To this end, investment managers and advisors must provide their clients and the Commission in writing with the standards and criteria applied for ensuring fairness in distributing investment opportunities among clients. (LI:22)

IV.6.2 Not Charging Excessive Fees

- The Board is authorized to set the maximum commission fees that may be charged by financial services companies on investment transactions (SL:12). The prohibition against charging excessive fees obviously applies to charging fees above the set limit, but is not limited to this. Charging excessive fees may take the form of other manipulative actions such as rendering “mock” or unnecessary transactions in the client’s portfolio for the sole purpose of charging commission and service fees and with no significant benefit to the client. The Code of Ethics provides against "Churning" activities in clients portfolios for the sole purpose of obtaining commissions (CE:3/7). Another example of excessive charging would be the purchase of low risk stocks, and resale shortly thereafter before optimizing profits and primarily to increase commissions or fees.

IV.6.3 Not Guaranteeing or Promising a Certain Level of Profits

- This rule is particularly relevant to financial advisors and investment managers-qua advisors- who are in a position to influence investment decisions significantly. In so far as investment advisors are exposed to

market risks, they must convey to investors such risks and must not guarantee investment outcomes or definite profits. Specifically, financial advisors must state in writing to clients that their services are strictly advisory in nature. (LI:24).

IV.7 Prohibited Actions:

- In addition to the positive rules and requirements, the Law specifies actions that are prohibited or constitute violations. In most cases these prohibitions are very general in nature, leaving the Commission or the courts considerable discretion in determining actual incidence of violations on a case by case basis. In any case, following highlights and attempts to illustrate those prohibitions most relevant to investment advisors.

IV.7.1 Misdirection, Misuse or Misapplication of Client Funds

- Investment managers and trustees hold client assets in custody, and may not dispense with them for other than the purpose set forth in the investment agreement. In particular, they may not use the funds or securities in any way for private gain, such as to finance other than the client's transactions, or collateral to finance other transactions. Any disposal with client's funds for other than the sole benefit of optimizing client interest amounts to a violation. (CE:3/6).

IV.7.2 Practice Deception, Misrepresentation

- Financial advisors may not practice any form of deception or misrepresentation in relation to their work or securities transactions. Deception is defined as any act, scheme, device, practice or course of conduct likely to have the effect of misleading others or intended to mislead them (SL:2). Meanwhile misrepresentation is the untrue statement of a material fact, or any omission or concealment of a material fact or any other datum required to ensure that a statement made is true and accurate (SL:2).

- The prohibition is very general and can cover any range of actions whether targeting the advisor's clients, or investors generally, or the commission. For example, investment advisor shall not misguide their client or the trustee about the performance and status of the investment portfolio, nor demonstrably distort the value and assets of mutual fund portfolio, or submit information to the Commission or investors about the portfolio that is either inaccurate or misleading. (SL:107)

IV.7.3 Adversely Affecting Competition by Manipulating Commissions or Limiting the Services Provided Whether Individually or in Collusion

- Competition is critical to the efficiency of capital markets. Therefore, actions that undermine competition including collusive behavior to this end are strictly prohibited. The determination of such actions however is left to the discretion of the Commission and/or the Courts. (SL:56)

IV.7.4 Affect or Attempt to Affect the Capital Market Adversely

- Players in the capital market may participate but may not manipulate the market unfairly or in a manner that violates its integrity, undermines investor confidence or distort price discovery, This includes spreading rumors and providing false or misleading information, which may affect the price of the security or the reputation of an issuer, or affecting any transaction in securities with the intention of creating a false impression of the price or volume of security. Here as well, the Commission and/or the Courts exercise discretion to determine actual violations on a case by case basis (SL:1096).

IV.7.5 Offering or Selling Securities on The Basis of False and Misleading Data

- The rules of proper disclosure are fundamental to the integrity, fairness and transparency of capital markets. These rules are especially pertinent to investment managers of mutual funds who assume responsibility for preparing the fund's prospectus, calculating its net value and submitting financial and accounting reports about the fund.

In this respect, Investment Managers are subject to the general disclosure requirements and standards (FI:27).

IV.7.6 Insider Trading

- Fairness and competitive trading is critical to the sound operation of capital market, with genuine and fair "price discovery" processes. A major prerequisite of fairness is to ensure that those who have access to information which is not publicly available, owing to their position, would not use this insider information to their advantage, to the advantage of others, or to affect securities prices in any way. Investment advisors are subject to the general prohibitions against insider trading. Therefore, they may not transact in securities on the basis of insider information, whether on their behalf or behalf of clients, or advise or influence others to do so, or take advantage of such information to attain gain for themselves or others(SL:108).

IV.7.7 Failure to Comply to the Commission's Orders

- Financial advisors must comply with the Commission fully especially in respect to any request for information or in the conduct of any investigation, inspection or audit, including:
 - Requests to audit and make copies of the documents, records and registers with or without a prior notice;
 - Summon to testify under oath, and to submit any documents and papers pertaining to the investigated matter.(SL:17/C).

V. Disciplinary Procedures and Sanctions

- Investment advisors must comply fully with the Law subject otherwise to applicable sanctions by the commissions or penalties by Courts.

V. 1 Disciplinary procedures by the Commissions:

- The Commission is authorized to take measures to deter or cease violations and ensure enforcement of the provisions of the Law. These include :

- Carrying out investigation about violations subject to due process requirements, including providing the violators the opportunity for a hearing;
 - Imposing any of the following measures(SL:17):
 - Publish the investigation findings;
 - Order a cease and desist injunction against the violators;
 - Order the violator to cease issuance or trading in the securities related to the violation;
 - Revoke or suspend the license or the registration of the violator.
 - Impose monetary fines of up to 50,000 JD. (Fifty thousand Jordanian Dinar) for any violation of the provisions of the Law .The fine may also be imposed upon any person who deliberately assists or abets or counsels violations, or who submits to the Commission in any report submitted thereto false or misleading information pertaining to material facts(SL:22).
- In determining the fine, the Board however takes into account the extent to which the violator acted in malice, deceit , or gross negligence, the resultant damages from the violations, and the extent to which the violation resulted in unfair enrichment (SL:22/b).

V.2 Court Sanctions.

- The Commission may also refer any violation to the Competent Court, which may impose financial penalties and/ or prison sentences or both (SL:110), as detailed in table below. Notably the penalties are equally applicable to violators, as well as accomplices, those who abet and those who interfere in the violation.

Action	Penalty
Any violation of the provisions of the Securities Law or the Regulation, Instructions or Decisions issued pursuant to .	A fine of not more than one hundred thousand (100,000 JD) . Additional fine of not less than twice the amount and not more than five times, the amount of profit made or loss avoided by the violator.
<ul style="list-style-type: none">• Disposal of the client's securities without authorization (SL:63/c).• Insider Trading (SL:108/a,b).• Disseminating rumors or providing misleading information (SL:109/a).• Effecting transactions to create a false impression of the price or volume of trade of a security (SL:109/b).	Maximum three years imprisonment sentence.
<ul style="list-style-type: none">• Making a public offer without filing a prospectus (SL:34/a/1)• Selling securities by public offer without an effective prospectus (SL:42/d)• Performing Financial Services without being licensed or registered by the Commission (SL:47/a,b)	Maximum one year imprisonment sentence.
The Competent Court is entitled to waive the prison sentence in case that is committed for the first time or if the Violator deposits in Court or with the Commission, before the Court decision becomes final, a sufficient fund that covers the fines, which may be imposed by the court .	

Annex I

All applications shall be filed in written with the commission on the forms attached. The applicant shall submit a signed application with a statement attesting the accuracy of all information stated in the application.

The application must indicate or be enclosed with the following as provided in (SL:(48/b)) and (LI:(8)):

- The name and address of the applicant and the locations of its branches, if any.
- The number and date of the company's registration with the Companies Controller.
- The names and addresses of senior executive managers and a resume of their professional background in the field of securities.
- The name of any person who owns (5%) or more of the applicant's capital.
- The amount of the applicant's liabilities, details and guarantees of such, and the names of the guarantors of such liabilities, if any. Banks shall be excluded from such requirement.
- The memorandum of incorporation and articles of incorporation.
- The nature of the applicant's activity and the period of its practice.
- The members of the Board of Directors and Senior Executive Managers shall provide affidavits of no conviction of a felony or misdemeanor against honor or public order.
- The required financial statements as of a date not exceeding three months prior to the application submission date and the last audited report of the auditor, if any.

10 عنوان الفروع (إن وجد) وأسماء وخاوين مدراء الفروع (إذا حدث أي تغيير) (يستثنى من هذا البلد النرويج).

11 اسماء أعضاء مجلس الإدارة أو هيئة المديرين (*)

رئيس مجلس الإدارة / (هيئة المديرين)	
1	أعضاء مجلس الإدارة / (هيئة المديرين)
2	
3	
4	
5	
6	
7	
8	
9	
10	

12 أعضاء الإدارة العليا ذوي السلطة التنفيذية:

اسماء أعضاء الإدارة العليا	الترتيب الوظيفية

Legal and Regulatory Framework

[illegible]

(*) يجب إرسال النسخة النهائية للدراسة لأعضاء مجلس الإدارة أو هيئة التدريس المأخوذة خلال عام 2004
(**) يجب إرسال الوثائق المتعلقة بالوضع الأكاديمي المعتمد في العين وعن آخر الشهادات العلمية التي حصل عليها منذ 01/01/2004

[illegible]

15 الرجاء تزويدنا بأي معلومات اضافية متغيرة تتعلق بوضع الشركة

16 يجب ارفاق البيانات المالية كما هي خلال فترة لا تزيد عن ثلاثة اشهر قبل تاريخ تقديم الطلب:

17 اقرار بصحة المعلومات:

نحن شركة نقر بأن كافة المعلومات المرفقة بهذا الطلب صحيحة وكاملة، ونلتزم بإعلام
هيئة الأوراق المالية فور أي تغيرات جوهرية في المعلومات المذكورة في هذا الطلب
التوقيع: التاريخ:



هيئة الأوراق المالية
دائرة الترخيص والتفتيش

رقم الطلب: (.....)

طلب تجديد الاعتماد الممنوح لمعتدي المهن المالية

1. اسم الشركة التي يود العمل من خلالها كمعتد مهن مالية:

2. الاسم الكامل لمقدم الطلب:

الاول	الاب	الجد	العائلة

تاريخ صورة عن الهوية
الشخصية

3. تاريخ الميلاد:

4. الرقم الوطني:

5. عنوان مقدم الطلب (العنوان الشخصي):

رقم الهاتف:

رقم الهاتف:

e-mail:

e-mail:

6. عنوان الشركة التي يعمل من خلالها كمعتد مهن مالية:

رقم الهاتف:

رقم الهاتف:

e-mail:

7. أنواع الاعتمادات التي ترغب الشركة بتجديدها:

نوع الترخيص	تاريخ الحصول على الترخيص	نوع الترخيص
امير استثمار		
مستشار مالي		
مدير استثمار		
وسيط مالي		
حافظ امين		
اخرى (اذكرها):		

8. المؤهل العلمي والفني للمعيد / شرفى الوثائق

الدرجة العلمية	التخصص	التقدير العام/مجموع العلامات	تاريخ منح الشهادة	اسم الجامعة أو المعهد

9. الدورات التدريبية/شرفى الوثائق(*)

اسم الدورة	مكان انعقادها	مدتها	تاريخها

10. شركات الخدمات المالية التي عمل بها المعيد / شرفى شهادات الخبرة

المسمى الوظيفي	اسم الشركة	تاريخ مباشرة العمل	تاريخ الانقطاع	الأسباب

11. الأقارب

اسماء الأقارب من الدرجة الأولى	تاريخ الميلاد
اسم الزوجة	
اسم الأب	
اسم الأم	
تتمتع الإفتاء بالتصريح	
1	
2	
3	
4	
5	

12 إقرار بصحة المعلومات:

أنا الموقع أدناه أقر أن المعلومات المرفقة بهذا الطلب صحيحة وكاملة وألزم نفسي على
الشركة ومقدم الطلب إعلام هيئة الأوراق المالية فور بأي تغيرات جوهرية في المعلومات المذكورة في هذا الطلب.

توقيع المشتري: التاريخ:

توقيع الشركة: التاريخ:

(*) يجب إرفاق صورة عن الدورق التي التحق بها منذ 01/01/2004